

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 278th  
MEETING OF THE BOARD OF COMMISSIONERS February 28, 2005**

**A meeting of the Board of Commissioners of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority", the "CCA" or the "Board") was held on February 28, 2005, at 9:00 a.m. pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island. Board members present were Chairman, David A. Duffy, Commissioners, Paul MacDonald, Jerry Massa, Joe Judge, George Nee, Brad Waugh, Dale Venturini and Michael Mello. Because of illness Mr. Gavitt was unable to attend. Also present were Donald Carcieri, Governor; Representative Paul Moura; Senator David Cruise; Catherine Orloff, Concerned Citizen; James P. McCarvill, Executive Director, Theodore J. Przybyla and Ken Mancuso, RICCA; Bruce Leach, Legal Counsel; Matthew Kenney, Pinnacle Advisory Group; Paul Doyle, Anglo Irish Bank; Greg Vickowski, Michael Voccola, Richard MacAdams, Procaccianti Group; Jeff Grybowski, Jeff Neal and Aaron Guckian, Governor's Office; Mike McGlynn, Rhode Island State Police; Larry Lapore, Dunkin Donuts Center; Frank Champi, LGC&D; Brad Dimeo, Dimeo Construction; Bill Rappelye and Rob Izzo, WJAR TV; Steve Klamkin, WPRO; Joanne Sourial and Jen Leigh, The Link Agency; Brian Whiting, PWCVB; Robert Morgan, Brien Fox, Jeff Hartel, Manish Bhatia, Beth Calise, Casey Crowley and Harry Jones, Westin Hotel; Tim Muldoon, Carl Anderson and Debbie Tuton, SMG; Thomas Hodge, Auditor General's Office; Jenna Karlin, Chris Cook, William Murin, Michael Crane, Delfino Castello, Brian Costa, Maryaam**

Hirrand, Local 217 H.E.R.E; M. Charles Baskt and Andrea Stape, Providence Journal; Richard Beretta, Adler Pollock & Sheehan; Stephen Maceroni, First Southwest; Normand Benoit, Partridge, Snow & Hahn; Frank Champi, LGC&D and Eileen Smith, Recording Secretary. **CALL TO ORDER** Recognizing a quorum, Chairman Duffy called the meeting to order at 9:00 a.m. **APPROVAL OF MINUTES** Chairman Duffy entertained a motion to accept the minutes of the 277th meeting, January 27, 2005. Mr. Nee noted that he would like the motion made by him in the distributed minutes regarding calling a special meeting be re-worded to more accurately reflect his intention. The motion should have been written:

to continue to negotiate for a Purchase and Sale Agreement with the Procaccianti Group  
and if it can be reached prior to the next scheduled Board meeting, a special meeting would be called.

Upon a motion duly made by Mr. Nee and seconded by Mr. Mello it was unanimously **VOTED:** to approve the minutes of the 277th meetings as amended. Chairman Duffy instructed the RICCA office to send the approved minutes to the Secretary of State's office via electronic mail.

Chairman Duffy acknowledged the presence of Governor Carcieri and informed the Board that item #6 on the agenda, Consideration of

**Westin Hotel Sale and Development, would be discussed first in deference to the Governor's time.**

**Governor Carcieri thanked the Authority for their consideration. Governor Carcieri said that ten years ago the Hotel and the Convention Center were built as beautiful buildings and the staffs have done a great job of maintaining both facilities. He stated that he had talked to David Duffy and some of the Commissioners about selling the hotel. The Governor continued that some years ago bids were solicited with the expected result to be \$60 - \$65 million. The bids in this process were much higher and the Procaccianti Group with a bid of \$95.5 million was the highest. Governor Carcieri stated that he originally felt that the Procaccianti Group be should be awarded the bid because not only was their bid the highest but also because they are a local firm. Following the Board vote it was learned that the Procaccianti Group had unpaid DEPCO debts still outstanding. The Governor noted that millions of people had lost money during the State's banking crisis and the Procaccianti Group had one of the largest debts. Governor Carcieri said that he feels that the Authority should not move forward with the sale of the hotel to the Procaccianti Group. He continued that he had spoken with Jim Procaccianti over the weekend and after much angst over the situation felt that the Authority should consider the next highest bidder. Governor Carcieri asked what kind of message would be sent about how business is run in the State, although the Procaccianti's did nothing illegal. He continued that the banking crisis had left a**

deep wound in the State and he said that he is concerned about the perceptions of this transaction. Governor Carcieri said that he had taken the time to get the facts and it would be entirely inappropriate for the Authority to sell the jewel of the State to the Procaccianti Group. He asked the Authority to please not sell to the Procaccianti's. Governor Carcieri said that he knew that a lot of the Commissioners feel a great deal of angst over the sale. He said that this is a sale that we should be celebrating but that circumstances surrounding the debt have stolen the moment. Governor Carcieri noted that he has no authority over the board. He said that the hotel is a great property in a great City and that he is optimistic and positive about the City. He said that this City will grow and prosper with or without the projects planned by the Procaccianti Group and that if any commissioners have qualms about this deal then they should follow their hearts and put a stop the negotiations. Chairman Duffy thanked the Governor for his remarks. Mr. Duffy sent Mrs. Carcieri the good wishes of the Board. Mr. Nee asked the Governor if we would be holding the Procaccianti Group up to higher standards than other organizations who were involved in DEPCO matters. Governor Carcieri noted that this was one of the largest borrowers involved and we should not feel obligated to pursue this deal. Mr. Nee said that without naming names there are many legal firms and other firms that we do business with every day who made settlements with the State. Governor Carcieri said that he would be happy to discuss that with Mr. Nee at a later date. Mr. Mello said that he would like to hear from the Procaccianti's lawyer to get the other side of the

story.

Governor Carcieri departed at 9:25 a.m.

Chairman Duffy recognized Catherine Orloff, concerned citizen. Ms. Orloff read her comments in opposition to the sale of the Westin to the Procaccianti Group. (copy attached) Mr. Duffy thanked Ms. Orloff for expressing her thoughts.

Richard MacAdams of the Procaccianti Group legal team addressed the Board. Mr. MacAdams stated that at the time the Credit Unions were closed the Procaccianti's were current on all of their loans. He explained that because of the closings lines of credit were unavailable, causing the Procaccianti Group to suffer severe losses. He continued that he is deeply disturbed by the suggestion that his client is not honorable. He said that the truth will come out. Mr. MacAdams stated that he agreed with Mr. Nee that we would be holding the Procaccianti Group to a higher standard. Mr. Nee suggested that the State could have taken this to court earlier if they thought they had a good case. Mr. Waugh asked why DEPCO was not mentioned during the bidding process. Mr. MacAdams said that the Procaccianti Group had no relationship with DEPCO. He said that the outstanding loans were personal. Mr. Mello asked Matt Kenney if moving forward is the sensible way for the Board to proceed. Mr. Kenney said that he had great confidence that this is a good deal for the State and the Authority. Mr. Kenney said that we know what we

have with the Procaccianti Group. He said that it would be difficult to obtain a comparable development agreement and that potential issues such as parking could adversely affect other bidders. Mr. Kenney stated that the Procaccianti's loan and equity are rock solid and Anglo Irish Bank is very reputable. He continued that Starwood has agreed to stand down on their first right of refusal. Mr. Judge stated that as part of the agreement a \$10 million letter of credit should give us some assurance that the tower would be built. Mr. Judge said that we have to make sure that we get the things that we need in the development agreement. Mr. Kenney said that from his perspective things look very favorable for the seller and that he has great faith in everyone involved in the process. Mr. Waugh asked if any conversations had occurred regarding the Fogarty site. Mr. Kenney said that this agreement would be specific to the adjacent parcel. Mr. Nee noted that Mr. Kenney had cautioned that we were dealing with a limited time opportunity and asked if we don't do this now will we go beyond the window. Mr. Kenney said that Hartford and Boston will impact the market and that he was unsure if this hotel would retain its value. He noted that the Starwood contract expires on May 3rd. Mr. McCarvill said that we are working on the purchase and sales agreement and asked Mr. Leach to address the Board. Mr. Leach indicated that he was working on zoning issues and approvals from the City for easements. Mr. Leach stated that the motion that is being voted on today does not include provisions for defeasing the Bonds. He said that at the next meeting or at a special meeting he and Bond Counsel would prepare a motion dealing with the Bonds.

**Chairman Duffy noted that much of the work that is going on now would have to be done no matter the chosen buyer/developer. Paul MacDonald said that because of the vision of the Governor and the State Legislature we have the ability to get this economic engine running at full throttle. Selling this hotel and the development of additional rooms will mean more jobs and prosperity to the State and the City of Providence and therefore he is in support. Mr. Judge requested that the agreement be as favorable as possible for the Authority. Mr. Nee duly read the attached resolution seconded by Mr. MacDonald. The vote was as follows:**

**Michael Mello – yes**

**Gerald Massa - yes**

**Brad Waugh – yes**

**George Nee – yes**

**Dale Venturini – yes**

**Paul MacDonald – yes**

**Joseph Judge – yes**

**Chairman Duffy – no**

**By a vote of 7 in favor and 1 no. the Board approved the sale of the Westin Hotel to PRI XVIII, L.P. Congratulations to the Procaccianti Group**

## **OPERATIONS AND FACILITIES COMMITTEE**

**Chairman Duffy asked Mr. Massa to report on the Operations and**

**Facilities Committee meeting that was held on Tuesday, February 26th. Mr. Massa asked Harry Jones to update the Board on the ongoing projects in the hotel. Mr. Jones said that the escalator project is moving forward. He said that the fire stairwell would be opening today and the escalator should be up and running by March 15th. Mr. Jones said that the public bathrooms have been completed.**

**Mr. Duffy asked Mr. Jones when the revolving doors would be installed and Mr. Jones said that as soon as the escalator is complete installation would begin. Mr. Massa recognized Mr. Muldoon who proceeded to update the Board on projects and events taking place in the Convention Center. Mr. Muldoon reported that six responses were received for the garage Parking Access & Revenue Control System (PARCS) for hardware and software. After careful consideration he asked that CTR be awarded the contract. Upon a motion duly made by Mr. Massa and seconded by Mr. Waugh it was unanimously**

**VOTED: To award the PARCs contract to CTR for a fee not to exceed \$470,000.**

## **FINANCE COMMITTEE REPORT**

**Mr. Judge noted that the Authority reported consolidated income from continuing operations for the seven months ending January 31, 2005 exceeded last year by \$89,459 and the fiscal year 2005 budget by \$1,175,301. Mr. Judge said that the Hotel had reported year to date revenue exceeding last year by \$387,595 and expenses by \$181,216**



for a net of \$206,379. Revenue exceeded fiscal year 2005 budget by \$451,605 and expenses less than budget by \$177,049 for a net positive variance to budget of \$628,654. Mr. Judge reported that SMG had a positive consolidated net to budget of \$276,823 and a consolidated net to last years actual of negative \$5,636. Both operators indicated their projections continue to track on budget for the remainder of the fiscal year.

## **MARKETING COMMITTEE**

Ms. Venturini reported that the marketing committee met on February 17th. She noted that everyone is working together to market the State. Ms. Venturini informed the Board that a Web Manager had been retained and would be shared by the Convention Center and the PWCVB. Ms. Venturini stated that by the next Marketing Committee meeting everything should be in place. She commented that it is great to see everyone working together. Ms. Venturini asked Mr. Whiting to address the Board. Mr. Whiting was pleased to report that the CVB's sales team has been out in force and that their booking pace is ahead of last year. He stated that interest from the attendees of the latest FAM tour has been high and that 5 of the 8 attendees have asked for more information. Mr. Whiting invited all Board members to attend the April 6th launch of the marketing plan "Providence Night and Day". He assured them that a formal invitation

would be mailed. Mr. Nee informed Mr. Whiting that he had received a call from City Arts regarding the charitable contribution issue from The Festival of Trees. Mr. Whiting informed him that he had just received the final ticket count and that he was working on a resolution.

Mr. Waugh departed at 10:25 a.m.

Ms. Venturini then asked Brien Fox to report on the hotel sales efforts. Mr. Fox explained that the Star report indicates that occupancy is down slightly but still a very strong showing. He said that going forward the numbers look good. Ms. Venturini then recognized Tim Muldoon. Mr. Muldoon reported that the Convention Center is still seeing results from the client party. He also reported that the Flower Show went well and although attendance was down building revenue was up due to an increase in food and beverage. Ms. Venturini asked Joanne Sourial to speak for the Link Agency. Ms. Sourial stated that the agency had arranged an interview of Tony Haskins for “Modern Food Service”. She stated that publication would be doing a chef profile for an upcoming issue. Ms. Sourial distributed copies of their presentation to the Marketing Committee.

## **CHAIRMAN’S AND EXECUTIVE DIRECTORS REPORT**

Chairman Duffy asked Jim McCarvill to update the Board on the Dunkin Donuts Center. Mr. McCarvill said that he had been contacted

by the House Finance Committee. He said that they wanted to see the plans and the numbers. Mr. McCarvill said that he had also spoken to John Simmons but that he is open to leaving discussions with the City up to the legislature. Mr. Nee asked about the time frame for the renovations. Mr. McCarvill said that the renovations would take approximately 36 months and that we could begin this summer. Mr. Duffy informed the Board that the Providence Journal has offered to withdraw its Access to Public Records lawsuit against us if we pay their legal bills and admit wrongdoing. Mr. Duffy said that he didn't feel as though the Providence Journal should be privy to bid information before the Board had been notified and therefore we should not agree to the offer. He said that he and the executive director feel that we complied with the statute as written and asked if he had the support of the Board to continue the case. Upon a motion duly made by Mr. Nee and seconded by Mr. MacDonald it was unanimously

**VOTED:** not to accept the Providence Journal's offer of a settlement as presented.

Chairman Duffy thanked all Commissioners for the way that the hotel sale issue was handled.

Upon a motion duly made by Mr. MacDonald and seconded by Mr. Mello it was unanimously

**VOTED: to adjourn at 11:05 a.m.**